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Marine Outlook

Highlights of the Marine Industry

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PORTS

Montreal

Increase in Handled Tonnage

In 2005, the Port of Montreal had its second record season in the last 25 years. The port handled a total of 24.3 Mt, 3% more than in 2004. Thanks to the vigour of the global economy, the port also reached another container handling record, for the fourth consecutive year. In concrete terms, the port handled 11.1 Mt in container traffic or 1 254 560 twenty foot equivalent units (T.E.U.), 28 264 T.E.U more than in 2004.[1]

The port welcomed 1 388 ships in 2005, 4.4% more than in 2004.[2]

The Port of Montreal will be investing $40 M over the next year to modernize its facilities and acquire new equipment. Half of the money is earmarked for the container terminals and 10% for improving port security.[3]

The port expects to handle 25 Mt of cargo in 2006 due to an anticipated increase in containers and petroleum products.[4]

Quebec

increase in Handled Tonnage

The Port of Quebec handled a total of 22.7 Mt in 2005, a 4% increase compared to the previous year. It was its third consecutive record year.[5]

A total of 67 000 cruise passengers passed through the Port of Quebec in 2005, compared to 72 000 in 2004. Of this number, 14 000 passengers either started or ended their cruise at the port.[6]

The Arrimage du Saint-Laurent dry bulk cargo terminal opened last November. The construction of a warehouse and acquisition of new equipment will aid in handling nickel transhipments. Nickel from the Raglan mine in New Quebec is already passing through the port. Thanks to the new terminal, the port will also receive shipments from Voisey's Bay Mine in Labrador. Overall, approximately 300 000 t of

[1] "Excellent Results in 2005", press release, Montreal Port Authority, January 20, 2006.
[2] Ibid
[3] Ibid
[4] Swift, Allan, « *Le port de Montréal s'attend à un tonnage record de cargaisons en 2006* », Le Soleil, January 5, 2006.
[5] "2005: A year of Excellent Results in Tonnage Handled and of Many Challenges", press release, Port of Quebec, January 4, 2006.
[6] Ibid

nickel concentrate will transit annually through the Port of Quebec.[7]

In order to remain competitive, the port's authorities hope to expand the port facilities. They notably plan to build two wharves at the Baie de Beauport, a project that could begin in 2007-2008.[8] A citizen's group, *Accès Saint-Laurent Beauport*, is opposed to the project. They would like the Baie de Beauport to become a tourist centre.[9]

Sept-Îles

Strong Rise in Handled Tonnage

In 2005, activities at the Port of Sept-Îles generated approximately 22.5 Mt in transhipments, 29% more than in 2004. On the other hand, the port's activities slowed due to labour disputes at the Wabush Mines and IOC mining companies. The number of ships passing through the port rose considerably, from 484 in 2004 to 590 in 2005.[10]

Before the aluminum plant started up its second phase, 2005 was marked by a growth in tonnage handled at the La Relance wharf, used mainly by the Alouette plant.[11]

The port invested $8.5 M in 2005 to expand a wharf that is likely to accommodate a train ferry. The wharf is now also equipped with a new shunting yard near Route 138, which will allow containers to be switched from one mode of transportation to another. As a result, trains from Matane or Baie-Comeau will soon be able to take advantage of the railways in Sept-Îles, leading to Labrador City and Schefferville.[12]

According to port authorities, a 30% increase in activities is expected over the next five years. The port could notably become a gateway for large hydroelectric developments projects like La Romaine, Lower Churchill and Gros Mécatina. The port could also eventually become a transhipment centre toward the Great Lakes for mega ships unable to travel upriver because of the dredged channel.[13]

Port-Cartier

Guaranteed Iron Ore Supplies for the Port Until 2026

The Québec Cartier mining company is no longer revealing statistics about the tonnage handled at the port of Port-Cartier. However, in a statement released on January 9, 2006, the company confirmed that the port is once again the largest in Canada in terms of volume handled among all private port facilities.[14]

Québec Cartier believes that it can continue mining on the North Shore until 2026. In fact, the company estimates that the Mont-Wright mine has sufficient reserves for it to reach the goals set in its 2026 mining plan. What's more, Québec Cartier will begin mining another deposit in Fire-Lake in 2007.[15]

It is not a matter of increasing production, since the mine is already operating at full capacity and should produce the maximum possible this year with 13 Mt of iron ore.[16]

Sorel

Increase in Handled Tonnage

The Port of Sorel handled a total of 5.2 Mt in 2005, 8% more than in 2004. An increase in ilmenite ore and metal ingot shipments are the main reason behind this rise in tonnage. The port welcomed 288 ships, 34 more than in 2004. The large Canadian Steamship Line ships that transport ilmenite between Havre-Saint-Pierre

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[7] Beaulieu, Valérie, « *Noces de nickel au port de Québec* », Le journal de Québec, November 15, 2005.
[8] Fournier, Lise, « *Urgence pour les deux quais de Beauport* », Le Soleil, January 5, 2006.
[9] « *Non à l'extension du port* », Beauport Express, January 14, 2006.
[10] Paradis, Steeve, « *Port de Sept-Îles en 2005 : retour à la normale* », Le Soleil, January 17, 2006.
[11] Ibid
[12] Ramsay, Charles-Albert, « *Vague de modernisation* », Les Affaires, October 22, 2005.
[13] Dansereau, Suzanne, « *Le Saint-Laurent, une autoroute bleue* », Les Affaires, January 28, 2006.
[14] « *Premier navire de 2006 : le Elbe Max* », press release, Québec Cartier mining company, January 9, 2006.
[15] « *Québec Cartier en exploitation jusqu'en 2026* », Radio-Canada Web site, December 6, 2005.
[16] Ibid

and Sorel were scrapped and replaced by smaller ships. Ilmenite transportation, relatively stable from year to year, will now require more trips.[17]

Baie-Comeau

Drop in Handled Tonnage

The Port of Baie-Comeau handled approximately 4.8 Mt of cargo in 2005, 1% less than in 2004. It welcomed 249 ships, about fifteen less than the year before.[18]

Approximately 784 000 t of cargo, which passed through the Port of Baie-Comeau on the *Georges-Alexandre-Lebel*, must be added to this tonnage, representing a 1% increase compared to 2004. The train ferry made 464 round trips, five less than last year.[19]

The City of Baie-Comeau will invest $3 M to complete the $14 M in funding needed to build a stretch of railroad between the port and the industrial park. Work to build a 6.3 kilometre railway should begin in the spring. The project also involves building a 900 metre bypass route, an intermodal terminal and a transhipment centre.[20]

Port-Alfred

Increase in Handled Tonnage

The Port of Port-Alfred handled a total of 4.7 Mt in 2005, a 5% increase. Although there was a drop in tonnages of alumina and fluorite, tonnages of bauxite, green coke, calcinated coke, caustic soda and fuel oil rose in greater proportion. The port welcomed 140 ships, one more than in 2004.[21]

[17] "Detailed Report on Tonnage Handled at Harbours and Ports in Quebec" Transport Canada, 2004 and 2005.
[18] Ibid
[19] « *Rapports des tonnages manutentionnés sur le traversier-rail Georges-Alexandre-Lebel* », SOPOR et COGEMA, 2004 and 2005.
[20] « *Le train au port de Baie-Comeau – La ville emprunte et va de l'avant* », Radio-Canada Web site, February 1, 2006.
[21] Port-Alfred Port Authority.

Havre-Saint-Pierre

Increase in Handled Tonnage

The Port of Havre-Saint-Pierre handled a total of 3.1 Mt of cargo in 2005, 11% more than in 2004. This is due to an increase in ilmenite shipments (iron ore and titanium). In 2005, 147 ships passed through the Port of Havre-Saint-Pierre, compared to 132 in 2004.[22]

Trois-Rivières

Cabotage Helps Increase Tonnage Handled

The Port of Trois-Rivières handled approximately 2.5 Mt of cargo in 2005, 8% more than in 2004 and 35% more than in 2003. According to the port authorities, diversification of activities since the 1990s is a factor in the port's success: 1.5 Mt of dry bulk cargo, 530 000 t of liquid cargo, 280 000 t of cereal and 200 000 t of general cargo.[23]

The rise in tonnage handled by the port in 2005 is mainly due to an increase in the tonnage stemming from cabotage. Alouette in Sept-Îles established its distribution centre for northeastern North America in Trois-Rivières. In practical terms, that move resulted in tons of aluminum ingots being shipped between Sept-Îles and Trois-Rivières. Add to that the tonnage of wood chips shipped from the Kruger company on the North Shore to the Port of Trois-Rivières to supply its plant in Trois-Rivières.[24]

Kruger will now be transporting its entire wood chip production from its sawmills on the North Shore (Forestville and Ragueneau) to Trois-Rivières by river. The pilot project launched last spring helped the paper mill make substantial savings. Approximately 440 000 tons of chips will now be transported by barge, thus

[22] "Detailed Report on Tonnage Handled at Harbours and Ports in Quebec" Transport Canada, 2004 and 2005.
[23] Rochette, Marc, « *Le port de Trois-Rivières en croissance* », Le Nouvelliste, January 20, 2006.
[24] Ibid

eliminating nearly 18 000 trips by truck (or 9 000 round trips).[25]

The Port of Trois-Rivières invested approximately $15 M in 2004 and 2005. Wharves 19 and 20 were rebuilt to comply with recent water depth and carrying capacity standards.[26] The port's managers will meet this year to discuss future projects to rebuild wharves 13 and 17.[27]

Bécancour

Increase in Handled Tonnage

The Port of Bécancour handled a total of 1.8 Mt of cargo, 27% more than in 2004, while the port's activities slowed due to the 4 month strike at the Aluminerie de Bécancour. A total of 146 ships passed through the port in 2005, compared to 128 the previous year.[28]

Last September, the Alcoa aluminum plant in Bécancour announced plans to invest $23 M in order to double its aluminum billet production capacity to 240 000 t per year.[29]

Gros-Cacouna

Increase in Handled Tonnage

The Port of Gros-Cacouna saw its overall traffic increase in 2005, handling approximately 323 000 t. The 109% increase compared to 2004 is due to a sharp rise in tonnages of sand and gravel. Transhipments of de-icing salt and lumber also rose. The port welcomed 40 ships in 2005, 4 more than in 2004.[30]

The *Corporation des pilotes du Bas-Saint-Laurent* announced that it is ready to handle and manoeuvre large ships that will be docking at the future Gros-Cacouna methane terminal.[31]

Port-Saguenay

Drop in Handled Tonnage

The Port of Port-Saguenay handled a total of 311 000 t in 2005, 20% less than in 2004. The closure of the Port-Alfred plant, the reduction in timber cutting rights and the difficult market conditions faced by the pulp and paper industry were some of the reasons behind this fall in tonnage. Moreover, the strong Canadian dollar interrupted granite exports to the United States. A total of 49 ships passed through the port in 2005, one less than the previous year.[32]

The port invested $1 M throughout the year in order to respect the International Maritime Organization's new security code standards.[33]

According to the port authorities, Quebec's plan to reduce greenhouse gases could be a great help in achieving the goal of building an oil handling terminal. The project would reduce transportation and consequently, gas emissions. More specifically, it would help reduce the amount of CO_2 produced by tanker trucks that cross the Parc des Laurentides by 14 000 tons.[34]

Matane

Drop in Handled Tonnage

The Port of Matane handled a total of 250 000 t of cargo in 2005, 6% less than in 2004. The year brought a rise in transhipments of wood pulp, fuel and petroleum products. The port

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[25] Rochette, Marc, « *Kruger-Wayagamack opte pour la voie maritime* », Le Nouvelliste, December 7, 2005; « *Kruger reconduit son projet de transport maritime* », Canada News Wire, December 6, 2005.
[26] Ramsay, Charles-Albert, « *Vague de modernisation* », Les Affaires, October 22, 2005.
[27] Rochette, Marc, « *Le port de Trois-Rivières en croissance* », Le Nouvelliste, January 20, 2006.
[28] Aubry, Marcel, « *Bilan des activités portuaires pour l'année 2005* », Le Nouvelliste, January 11, 2006.
[29] « *Des travaux de 42 M$ à l'Aluminerie de Bécancour* », Les Affaires, November 26, 2005.
[30] "Detailed Report on Tonnage Handled at Harbours and Ports in Quebec" Transport Canada, 2004 and 2005.
[31] « *Modeste oui au projet de terminal méthanier de Cacouna* », Radio-Canada Web site, September 26, 2005.
[32] St-Gelais, François, « *Port-Saguenay : Baisse de 20 % du tonnage en 2005* », Le Quotidien, January 6, 2006.
[33] Ramsay, Charles-Albert, « *Vague de modernisation* », Les Affaires, October 22, 2005.
[34] St-Gelais, François, « *Mésentente Québec-Ottawa, le projet de port méthanier retardé* », Le Quotidien, December 22, 2005.

welcomed 42 ships at the Marginal wharf, 6 less than in 2004.[35]

Approximately 784 000 t, which passed through the Port of Matane on the *Georges-Alexandre-Lebel*, must be added to this tonnage.[36]

Rimouski

Increase in Handled Tonnage

The Port of Rimouski handled a total of 240 000 t of cargo in 2005, 2% less than in 2004. This improvement is mainly due to more transhipments of petroleum products, sand, gravel, lumber and different cargo. The port welcomed 74 ships in 2005, one more than in 2004.[37]

Portneuf

Increase in Handled Tonnage

The Port of Portneuf had an increase in its overall traffic in 2005, handling 145 000 t or 7% more than in 2004. A total of 12 ships docked at the Portneuf wharf, one more than in 2004.[38]

Gaspé

Increase in Handled Tonnage

The Port of Gaspé handled a total of 78 000 t of cargo in 2005, 2% more than in 2004. A rise in the tonnage of gasoline is the main reason for this increase. A total of 16 ships passed through the port last year, 4 less than in 2004.[39]

Pointe-au-Pic

Fall in Handled Tonnage

The Port of Pointe-au-Pic handled a total of 66 000 t in 2005, 36% less than in 2004. This significant drop is attributable to a decrease in tonnages of newspaper and wood chips. The port also reported a smaller number of ships, with a total of 12, about fifteen less than in 2004.[40]

Chandler

Jump in Handled Tonnage

The Port of Chandler handled a total of 3 928 t of cargo in 2005, 40% more than in 2004. This positive result is attributable to an increase in transhipments of de-icing salt and different cargo. Three ships docked in Chandler in 2005, one more than the previous year.[41]

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[35] "Detailed Report on Tonnage Handled at Harbours and Ports in Quebec" Transport Canada, 2004 and 2005.
[36] « *Rapports des tonnages manutentionnés sur le traversier-rail Georges-Alexandre-Lebel* », SOPOR et COGEMA, 2004 and 2005.
[37] "Detailed Report on Tonnage Handled at Harbours and Ports in Quebec" Transport Canada, 2004 and 2005.
[38] Ibid
[39] Ibid
[40] Ibid
[41] Ibid

Review of 2005

REVIEW OF 2005

Estimate and Comparison of the Tonnage Handled in Quebec's Leading Ports in 2005 and 2004

List of Ports	2005 Jan.-Dec.	2004 Jan.-Dec.	Variation[42] 2005/2004
1. Montreal	24.3 Mt	23.6 Mt	+ 3%
2. Quebec	22.7 Mt	21.8 Mt	+ 4%
3. Sept-Îles	22.5 Mt	17.5 Mt	+ 29%
4. Port-Cartier	N/A	17.5 Mt	N/A
5. Sorel	5.2 Mt	4.8 Mt	+ 8%
6. Baie-Comeau [43]	4.8 Mt	4.9 Mt	- 1%
7. Port-Alfred	4.7 Mt	4.5 Mt	+ 5%
8. Havre-Saint-Pierre	3.1 Mt	2.8 Mt	+ 11%
9. Trois-Rivières	2.5 Mt	2.35 Mt	+ 7%
10. Bécancour	1.78 Mt	1.4 Mt	+ 27%
11. Gros-Cacouna	323 Kt	155 Kt	+ 109%
12. Port-Saguenay	311 Kt	391 Kt	- 20%
13. Matane [43]	250 Kt	265 Kt	- 6%
14. Rimouski	240 Kt	236 Kt	+ 2%
15. Portneuf	145 Kt	135 Kt	+ 7%
16. Gaspé	78 Kt	76 Kt	+ 2%
17. Pointe-au-Pic	66 Kt	102 Kt	- 36%
18. Chandler	3.9 Kt	2.8 Kt	+ 40%
Total	**N/A**	**102.5 Mt**	**N/A**
Total without Port-Cartier	**93 Mt**	**85 Mt**	**+ 9%**

Source: Port authorities and Transport Canada

Compilation: DRPE, Fisheries and Oceans Canada, Quebec Region.

[42] Variations in tonnage are calculated from unrounded data concerning tonnage handled.

[43] This data does not include the tonnage passing through the ports of Baie-Comeau and Matane on the *Georges-Alexandre-Lebel* train ferry.

SEAWAY

Closure of the 2005 Navigation Season

The St. Lawrence Seaway officially closed on December 29, 2005, ending its 47th navigation season. Closing for the winter will allow annual maintenance work to be carried out on its 13 Canadian clocks. Among its projects, improvements to several locks and bridges are planned, including converting lock gates, valves and ship arrestors to hydraulic systems in locks 4, 5 and 6 of the Welland Canal.[44]

Small Drop in Transported Tonnage

The St. Lawrence Seaway welcomed 4 363 ships in 2005, 7% more than in 2004. In terms of tonnage, these ships were carrying 43.3 Mt of cargo, barely 0.05% less than the year before. Bulk cargo topped the list of goods shipped with 15 Mt, followed by iron ore, cereal and coal. The increase in cereal, iron ore and bulk cargo traffic did not make up for the drop in coal and general cargo.[45]

MARINE SECURITY

Investments in Marine Security

Last November, Transport Canada announced the sites and projects it selected in the context of the Marine Security Contribution Program's second round of funding. Total funding, announced last May, is $115 M.

In the second round of funding, $29.1 M will be spread among 101 ports and facilities in the country. Of this amount, $6 M will be allocated to some 20 ports and maritime businesses in Quebec: Cargill Ltd. (Baie-Comeau), Prommel Inc. (Bécancour, Saguenay and Trois-Rivières), the Port of Montreal, Montréal Gateway Terminals Co., Remorqueurs et Barges Montréal Ltée, Terminal Norcan Inc. (Montréal),

[44] "St. Lawrence Seaway Closes 47th Navigation Season, Great Lakes St. Lawrence Seaway System, January 4, 2006.

[45] "Seaway Traffic Results as of December 31, 2005", Great Lakes St. Lawrence Seaway System

Urgence Marine Inc. (Montréal), Québec Cartier mining company (Port-Cartier), Port of Quebec, Arrimage du Saint-Laurent (Québec), Bunge du Canada (Québec), IMTT – Québec Inc. (Québec), Alcan métal primaire – Duncan and Powell wharf no. 4 (Saguenay), Port-Saguenay, Terminal maritime de Sorel-Tracy and McAsphalt Industries Ltd. (Valleyfield).

The allocated funds will be used to improve security, namely by acquiring surveillance equipment, improving the security of the ports and their perimeter and providing employees with training.[46]

MARINE TRANSPORT IN QUEBEC

Transports Québec Hopes to Increase Cabotage

On the heels of Kruger's success in using the St. Lawrence River to transport wood chips between the North Shore and Trois-Rivières, the delegated minister of Transport, Julie Boulet, maintains that other cabotage projects on the St. Lawrence are about to be launched. Cabotage's rising popularity as a means of transporting goods in Quebec would help reduce greenhouse gas emissions and lower road maintenance costs.[47]

Great Lakes-St. Lawrence "Marine Highway" Apparently Under-Utilized

According to researchers from Concordia University and the Université de Montréal, who studied some 800 harbour authorities and 120 carriers worldwide, Canada is under-utilizing marine transportation on the Great Lakes and St. Lawrence Seaway. According to the study, marine transportation, which requires much less energy than trucking, seems to be the best solution for problems raised by the strong increase in the flow of goods.

The researchers also stress that marine transport development efforts on the St. Lawrence are significantly behind when compared to activity on other navigable waterways like the Rhine in Europe, the Yangtze in China or the Mississippi in the United States. In their opinion, the provincial and federal governments should modify their legislative and fiscal standards to favour cabotage on the river. Given the aging road system in Quebec and the unrelenting rise of gas prices, it would be in Canada and Quebec's best interest to quickly develop the Great Lakes-St. Lawrence "marine highway".[48]

MARINE TRANSPORT IN CANADA

Expected Growth of Canadian Ports along the Atlantic by 2015

According to Professor Michael Ircha from the University of New Brunswick, Canadian ports will handle a minimum of 6.3 million T.E.U. containers by 2015. That is a significant increase when considering that they handled approximately 3.6 million in 2004. And demand may even exceed these expectations. In fact, several American ports might be unable to acquire the necessary equipment to handle containers coming off the new mega container carriers meant to serve the global containerized cargo market. Conversely, Canadian ports along the Atlantic have a considerable asset that will help them meet this new trend: several are located in deep waters.[49]

ENVIRONMENT

A New Seaway in Canada's Great North

Not even a year ago, the most pessimistic of the scientists stated that the Arctic Ocean may be devoid of ice by 2050. However, new

[46] "Transport Minister Announces Funding for Marine Security Enhancement Project Throughout Canada", press release, Transport Canada, November 23, 2005.
[47] « *Des projets de cabotage sur le Saint-Laurent à l'étude* », Radio-Canada Web site, December 7, 2005.
[48] « *Le Saint-Laurent et les Grands Lacs seraient sous-utilisés* », Radio-Canada Web site, February 14, 2002.
[49] "Characteristics of Tomorrow's Port", Atlantic Institute for Market Studies: http://www.aims.ca/atlantica.asp?cmPageID=322

observations made in 2005 by a team led by Professor Louis Fortier (scientific director of the ArcticNet network) from Université Laval, show that global warming is accelerating exponentially. So much so that ice may completely disappear from the northern waters by 2030, even 2020

According to Professor Fortier, it is vital that marine traffic in the northern waters be quickly regulated in order to reduce future impacts on the environment. He believes that with the complete opening of the Northwest Passage in Canada's Great North, this new sea route could become no less than "Canada's version of the Panama Canal".[50]

This marine passage in the Northwest is gradually becoming a reality. In fact, there are sections of maritime territory in the Arctic that contain dwindling amounts of ice. Already 20 to 30 ships are using the Northwest Passage each summer.[51]

An American Plan to Clean Up the Great Lakes

Last December, federal and municipal officials in the United States proposed a $20 billion, 15-year plan to clean up the Great Lakes. The partnership plan contains numerous recommendations on how to resolve the most urgent problems affecting the five lakes: the proliferation of invasive species, the deterioration of wildlife habitats and pollution due to dumping toxic products in wetlands and tributaries.[52]

The plan namely recommends restoring wetlands and modernizing municipal sewer pipes in order to stop discharging raw sewage into the lakes. The partnership also foresees adopting new federal laws in order to prevent invasive species from taking over the waters of the Great Lakes and reducing the dumping of mercury, PCBs, dioxins, pesticides and other toxic substances.[53]

COMMODITIES

Iron Ore

Good Outlook for the Iron Ore Industry

Mining companies on the North shore produced at full capacity in 2005, except during the two month strike at Québec Cartier. Production reached record levels and the price of iron ore skyrocketed over 70%, notably due to strong Chinese demand. According to the experts, iron will continue to be in great demand until at least 2010.[54]

The Quinto Technologies mining company of British Columbia ordered a feasibility study regarding the eventual exploration for iron ore in Lac Peppler, near Fermont. The site apparently harbours 300 Mt of iron, enough for the company to produce 7 to 10 Mt of iron pellets per year. Moreover, Quinto Technologies bought half of the shares for two other mining sites in Manicouagan: Lac Guéret Nord, which contains graphite and iron and Lac Guéret Sud, rich in nickel deposits.[55]

Furthermore, mining exploration costs on the North Shore doubled in 2005 compared to the previous year, totalling over $8 M. Besides iron, prospectors are interested in copper, nickel and uranium deposits, metals whose prices are constantly rising. In Minganie, two uranium deposits look promising.[56]

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[50] Dion-Viens, Daphnée, « *Le réchauffement climatique de l'Arctique risque d'être deux fois plus rapide que prévu* », Le Soleil.
[51] Lemieux, Jacques, « *Nouvelle voie maritime dans l'Arctique canadien?* », Le Soleil, December 3, 2005.
[52] « *20 milliards sur 15 ans pour dépolluer les Grands Lacs* », Le Droit, December 13, 2005.

[53] Ibid
[54] « *Bilan des minières : 2005, une année en or* », Radio-Canada Web site, December 30, 2005.
[55] « *Ressources minières : on pourrait exploiter un gisement de fer près du lac Peppler* », Radio-Canada Web site, November 26, 2005.
[56] « *Bilan des minières : 2005, une année en or* », Radio-Canada Web site, December 30, 2005.

Wheat

Expected Increase in Canadian Wheat Production and Exportation

According to the most recent predictions made by Agriculture and Agri-Food Canada (AAFC) analysts, Canadian land sown with common wheat should increase by 12% in 2006. As a result, production should rise 6% to reach a total of 27.4 Mt. Wheat exports should increase by about 10% in 2006 due to the expected superior quality of the grains. Note that these market outlooks are very provisional because of grave uncertainty about weather conditions in Canada and the main producing countries.[57]

Aluminum

Anticipated Increase in Canadian Aluminum Production

According to Export and Development Canada (EDC)'s predictions, the short term outlook with regard to worldwide demand for aluminum is good, even though demand is expected to drop off in 2006 due to the stabilization of production in certain large industries that purchase aluminum for end-use, like the automobile industry. That being said, worldwide demand continues to be strong. In this context, Canada's aluminum production should grow in 2006, following drops in production caused by strikes and the implementation of phase 2 at the Alouette aluminum plant in Sept-Îles.[58]

Lumber and Newspaper

Expected Increase in Canadian Lumber Exports

According to predictions made by EDC analysts, Canadian lumber exports to the United States could increase by about 1% in 2006. The vigorous construction start and reconstruction market following the damage caused by the hurricanes in the United States should result in stronger demand for Canadian lumber. Another positive factor is the reduction in customs duties charged on Canadian lumber exported to the United States.[59]

Probable Small Growth in Canadian Newspaper Exports

The closure of certain paper mills in 2005 and early 2006 will reduce the Canadian newspaper offer this year. Due to Canada's smaller newspaper production capacity and dwindling demand in North America, EDC analysts foresee a small increase in Canadian newspaper exports, only 1%, in 2006.[60]

It is the opinion of analysts who specialize in the field that Eastern Canada's paper industry is likely to be hit by hard times in the short and medium terms. High production costs for paper mills in the east, the dollar's strong appreciation and a worldwide demand that has been tumbling for the last several years will very possibly cause more slowdowns in Quebec's production, perhaps even additional closures.[61]

FERRIES

Winter Supplies Arrive Thanks to Ferry

For a second year, one of the *Société des Traversiers du Québec* (STQ)'s ships made a special crossing to bring winter supplies to the inhabitants of Île-aux-Grues. Arriving from Lévis, the ferry brought the islanders dairy cows, animal feed, petroleum and construction materials, among other things. Last year's pilot experience was a success and the STQ mentions that it will offer this service again once a ship is available. The island is supplied by an air service in the winter, but for larger goods,

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[57] "Bi-Weekly Bulletin: Canadian Outlook for Grains, Oilseeds, Pulses and Special Crops for 2006-2007", Agriculture and Agri-Food Canada, Vol. 19 – No. 1, January 20, 2006.
[58] "Global Export Forecast, Update", Export and Development Canada, Fall 2005.
[59] "Global Export Forecast, Update – January 2006, Export and Development Canada, January 2006.
[60] Ibid.
[61] Vallières, Martin, « *Début d'un grave cycle de déclin pour l'industrie?* », La presse, August 8, 2005.

this mid-winter sea link service is becoming more and more essential.[62]

Crossing between Rimouski and Forestville to Continue

Managers of the Forestville-Rimouski crossing assured everyone that the service will be offered next year and that in the medium term; the ferry service will be maintained. The *CNM Évolution*, which acted as a shuttle between the St. Lawrence's two shores for eight years, is for sale. If the Matane shipyard that owns the ship can dispose of it, the ferry's managers claim that they will equip themselves with an even larger ship, again in the catamaran style. The new ship would reduce the number of trips cancelled because of bad weather and strong waves. Currently, with the *CNM Évolution*, 10% of trips are cancelled each year. According to the ferry's management, with a new ship, cancellations could be reduced to 2%, the average rate for other river ferries.[63]

Note that a group of investors from Chaleur Bay is interested in purchasing the *CNM Évolution* to provide a shuttle service between Paspébiac in Gaspé and Caraquet in New Brunswick, an area where the waters are much calmer.[64]

Uncertain Future for the Trois-Pistoles/Les Escoumins Crossing

In January, the *Corporation des quais de Trois-Pistoles* submitted a $13 M wharf rebuilding plan, transferring ownership to intershore management. The *Corporation* is awaiting a positive recommendation from Transport Canada to permanently rebuild the wharves in 2006 and restore the ferry service in 2007. If the 2007 season is postponed, it could mean the end for the ferry service and the *Compagnie de navigation des Basques* that operates the ship.[65]

[62] « *Ravitaillement hivernal grâce au traversier* », Radio-Canada Web site, January 30, 2006.
[63] « *Pas question d'abandonner la traverse entre Rimouski et Forestville* », Radio-Canada Web site, November 21, 2005.
[64] Ibid
[65] Thériault, Carl, « *L'avenir du traversier doit être déterminé bientôt* », Le Soleil, January 28, 2006.

CRUISES/TOURS

A Cold Water Cruise Project in Quebec and the Atlantic

A new cruise liner could be linking a dozen cities in Quebec and the Atlantic as early as next summer. Croisière Transboréale, a Quebec-based company, hopes to offer 12-day cold water cruises with stop-overs in a dozen ports in Quebec (Baie-Comeau, Blanc-Sablon, Mingan Islands, Quebec City and Montreal) and the Maritime Provinces (Nova Scotia, New Brunswick, Newfoundland, Price Edward Island), as well as Saint-Pierre-et-Miquelon. The ship likely to be used for this cruise is currently dry-docked in Norway to adapt it for river navigation. The proponent claims that the project will have considerable economic benefits for each of the ports of call on the itinerary.[66]

PLEASURE BOATING

A New Blue Route for Pleasure Boaters on the North Shore

A new organization, the *Association de la route bleue des baleines*, will sell membership cards that come with maps and a river use frequency guide. To date, approximately $100,000 was invested to create nearly one hundred campsites and rest areas on the new blue route. Kayakers, canoe enthusiasts and other pleasure boaters who travel the blue whale route will now have access to different types of lodging, tourist attractions and services along the way.[67]

[66] Dansereau, Suzanne, « *Des projets touristiques pour faire de la Côte-Nord « la prochaine Gaspésie* » », Les Affaires, January 28 2006; « *Un navire de croisière relierait des ports du Québec et de l'Atlantique* », Le Journal de Québec, November 27, 2005.
[67] « *Les kayakistes pourront pagayer de Sacré-Cœur à Baie-Trinité dès l'été prochain* », Radio-Canada Web site, November 21, 2005.

COMMENTS

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